Advisory group on bankruptcy laws

701. SHRIMATI S. G. INDIRA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Advisory Group on bankruptcy laws headed by Dr. L.N. Mitra has recommended for a comprehensive bankruptcy code incorporating the provisions relating to winding up and liquidation of a corporate entity reorganisation and settlement of all other related issues;

(b) if so, the whether any action has been initiated in this regard;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) to (d) The Reserve Bank of India (RBI) has reported that it had set up a Standing Committee on International Financial Standards and Codes which constituted Advisory Groups in ten core areas including Advisory Group on bankruptcy laws headed by Dr. L.N. Mitra which studied in detail the existing system of legislation in relation to international standards on bankruptcy laws and the position obtaining in other countries as also cross border insolvency issues. The recommendations *inter-alia* consist of passing of a new legislation on a comprehensive bankruptcy code, and introduction of a professional bankruptcy institution, repeal of Sick Industrial Company (Special Provisions) Act and abolition of Board for Industrial and Financial Reconstruction (BIFR). The Sick Industrial Companies (Special Provisions) Repeal Bill, 2001 which was introduced in Lok Sabha on 30.08.2001 was referred to the Standing Committee on Finance which suggested certain amendments to the Bill in its report submitted on 19.12.2002 to Lok Sabha and the same are being considered in consultation with Ministry of Law. The Department of Company Affairs had, separately, set up a High Level Committee on insolvency under the chairmanship of Justice V. Balakrishna Eradi. Based on the recommendations of this Committee, which had made suggestions similar to those made by Dr. L.N. Mitra Committee, Companies (Second Amendment) Act, 2003 was enacted by Parliament after considering the views and suggestions of RBI.